

Risk Management Framework

Purpose:	This Risk Management Framework introduces Central Queensland Christian College's approach to risk management. It includes a definition of risk, a summary of the purpose and key features of the Framework, and responsibilities for the management of risk throughout Central Queensland Christian College	
Scope:	Students and employees, including full-time, part-time, permanent, fixed-term and casual employees, as well as contractors, volunteers and people undertaking work experience or vocational placements	
Status:	Draft	Supersedes: Previous Risk Management Framework
Authorised by:	Board Chair	Date of Authorisation: 18/11/16
References:	<ul style="list-style-type: none"> Central Queensland Christian College Risk Registers 	
Review Date:	Annually	Next Review Date: 2017
Framework Owner:	School Board	

1. Policy Statement

Central Queensland Christian College (CQCC) is committed to protecting the safety of its students, staff, visitors and volunteers and operating in a financially sustainable manner that is consistent with the needs of its stakeholders.

Risks that are inherent to the operation of the school will be identified, analysed and evaluated in a consistent manner. Risk management procedures that form part of the Risk Management Framework will be used to ensure that risks are monitored and managed to an acceptable level of tolerance to the school, as defined by the Board.

CQCC is committed to the strategic objectives that have been identified by the Board and recognises that these objectives must be underpinned by a sound risk management framework.

CQCC will therefore:

- Identify reasonably foreseeable risks associated with its activities that may have a material impact on the school;
- Assess identified these risks;
- Put in place controls and treatments to reduce risks to a target level that is consistent with the school's requirements;
- Communicate issues in relation to risks and risk management activities to key stakeholders; and
- Perform ongoing monitoring and review of key risks to ensure that changes to the risks affecting the school are identified and managed in a timely manner.

2. Definitions

Consequence	The expected outcome or impact of a risk event
Inherent Risk	The level of risk assuming no controls are in place
Likelihood	The probability or chance of a risk event occurring
Operational risk	Key risks arising from CQCC's operational activities. Operational risks are component risks within each strategic risk
Residual risk	The level of risk that remains after assessing the effectiveness of the controls, management strategies and other mechanisms that have been put in place to mitigate a particular risk
Risk	Risk is often characterised by reference to any event that will have an impact on the school or any of its activities. Risk is measured in terms of the consequences that could arise from an event (including changes in circumstances), and the likelihood of that particular consequence occurring. Risks to CQCC are generally assessed in terms of their impact on people, reputation, business operations, governance, finances and educational outcomes.
Risk appetite	The risk appetite of CQCC is the level of risk that CQCC is willing to accept in order to meet its strategic objectives.
Risk identification	The process of determining the what, where, when, why and how something could happen
Risk Management Framework	Framework enabling the consistent management and reporting of risk throughout CQCC. The framework includes a risk policy, risk assessment protocol, risk reporting protocol and risk register/s.
Risk rating	A categorisation or prioritisation of risk combining likelihood, consequence and mitigating actions.
Risk register	Register that defines and assesses key components of each risk
Risk treatment	The process of implementing measures to modify risk
Strategic risk	Risk categories that represent the key risk areas for CQCC. Strategic risks impact on the achievement of the organisation's strategic objectives
Worst credible consequence	The worst potential consequence arising from a risk event should that risk occur. Worst credible consequence should be used to calculate consequence ratings

3. Responsibilities

3.1 Board

The Board is responsible for ensuring that CQCC's risk management practices are appropriate and commensurate with the needs of the school and its stakeholders. The Board shall determine the level of risk that the school is prepared to accept in undertaking its activities. These oversight responsibilities include:

- Receiving and challenging the strategic risk profile on a regular basis;
- Reviewing and approving the Risk Management Framework and Strategic Risk Register on an annual basis; and
- Reviewing and approving risk information (including independent appraisals of the Risk Management Framework and external disclosures)

3.2 Principal

The Principal is responsible for:

- Ensuring all risk owners, staff, students and volunteers are trained on, and adhere to, the Risk Management Framework;
- Reviewing and endorsing any information provided by the Finance, Policy & Risk (FPR) Committee to the Board.

3.3 Finance, Policy & Risk Committee

The FPR Committee is responsible for providing advice to the Board on CQCC's risk management processes. The functions of the FPR Committee include:

- Reviewing CQCC's Risk Management Framework on an annual basis in accordance with the Risk Reporting Protocol;
- Recommending to the Board any proposed changes to the Risk Management Framework;
- Review the Strategic Risk Register on a 6 monthly basis;
- Monitoring adherence to the Risk Management Framework;
- Promoting awareness of the Risk Management Framework throughout the school; and
- Providing any relevant risk information (e.g. independent appraisals of the Risk Management Framework or external disclosures) to the Board for approval.

3.4 Executive Management Team

The Executive Management Team has responsibility for communicating and consulting with staff to ensure risks are identified, appropriate controls are in place and any necessary treatments are addressed in relation to the operational activities of the school.

The Executive Management Team comprises those persons incumbent in the positions of:

- Principal; and
- Head Teacher

3.5 Risk Owners

Risk Owners are individuals who have been allocated ownership of strategic or operational risks and are responsible for managing, monitoring and reporting on the status of the risk to the Board and FPR Committee. Risk Owners should follow the Risk Management Framework in fulfilling their obligations which include:

- Monitoring and updating risks and their associated ratings on at least a 6 monthly basis;
- Reporting any new or re-rated risks in accordance with the Risk Assessment Protocol;
- Reviewing all risks in their area at least once per year.

3.6 All Staff, Contractors and Volunteers

Risk management is the responsibility of all CQCC staff, contractors and volunteers. This group are responsible for applying risk management principles and practices relevant to all areas of their work.

4. Risk Assessment Protocol

Risk management is enhanced through the establishment of consistent and clear procedures for performing risk assessments. The Risk Assessment Protocol describes the criteria that will be used by CQCC to assess consequence and likelihood, leading to an overall risk rating.

The Board has considered [ISO 31000](#) in developing its risk assessment process. It has developed its process using likelihood and consequence measures, and building these into a risk level matrix. Risk will be assessed on an inherent basis (before controls are applied), and on a residual risk basis (following the application of controls).

The Risk Assessment Protocol also describes the ownership, monitoring and management requirements for each level of overall risk.

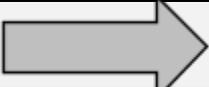
4.1 Risk Consequence

Risk consequence describes the expected outcome or impact should a risk event occur. When assessing consequence, the *worst credible outcome* should be used. The potential consequence for a risk will be assessed using the scale shown in Matrix 1. The Board has determined that a 'material' risk is one that has the potential, if realised, to:

- Adversely affect the interests of students, staff and other stakeholders; or
- Have a significant impact on the business operations, reputation, profitability or net assets of the school.

In assessing risk, the most appropriate consequence descriptor or combination of descriptors to determine the consequence rating will be selected.

Matrix 1 – Risk Consequence

	Insignificant	Minor	Moderate	Major	Severe
People (Staff, Students, Volunteers, Contactors)	- Minor irregular capacity / capability failures or Injuries or ailments not requiring medical treatment	- Minor capacity/ capability failures or minor injury or first aid treatment case	- Repetitive failure in business capacity/ capabilities causing some reputational impact or serious injury causing hospitalisation or multiple medical treatment cases	- Parts of business fail due to capacity/ capability failures or life threatening injury or multiple serious injuries causing hospitalisation	- Business failure due to capability failures or Death or multiple life threatening injuries
School Reputation	- Expected consequence of conducting business - Risk Owners review	- Minor disruptions in business - Executive Management Team review	- Internal disruption some disaffected students/ staff/ parents – Principal and FPR Committee review.	- Intense public, political and media scrutiny. Will significantly impact enrolment base. Board or external party review.	- Will impact organisational viability. Board or external party review.
School Business Operations	- Minor errors in systems or processes requiring corrective action, or minor delay without impact on overall business.	- Policy procedural rule occasionally not met or services do not fully meet needs.	- One or more key accountability requirements not met. Inconvenient and disruptive but not organisationally threatening.	- Strategies not consistent with organisation’s agenda. Trends show service is degraded. - Significant and repetitive control failures leading to major impact in business operations	- Critical system failure, bad advice or ongoing non-compliance. -Business severely affected.
School Financials	- <1% of revenue or <1% reduction in enrolments	- 5% of revenue or 5% reduction in enrolments	- 10% of revenue or 10% reduction in enrolments	- 20% of revenue or 20% reduction in enrolments	- 40% of revenue or 40% reduction in enrolments
Educational/ Academic Outcomes	- Immaterial reduction in students graduating with an OP result; minor changes in curriculum and delivery expect in line with normal school management	- Small trend showing reduction in students graduating with an OP result; increasing instability in curriculum and delivery resulting in some parent complaints	- Moderate (%) reduction in students graduating with an OP result; loss of recognition as leading school in educational delivery; narrowing extra-curricular activity	- Material (%) reduction in students graduating with an OP result; substantial loss of recognition as leading school in educational delivery; narrowing extra-curricular activity showing possible impact on reputation and enrolments	- High (%) reduction in students graduating with an OP result; serious loss of recognition as leading school in educational delivery; narrowing extra-curricular activity delivery impacting reputation and enrolments

4.2 Risk Likelihood

Risk likelihood describes the chance of a given risk consequence occurring. Likelihood will be assessed using the scale shown in Matrix 2.

Matrix 2 – Risk Likelihood

Likelihood	Frequency/Probability	Control Environment
Almost Certain	<ul style="list-style-type: none"> The most likely and expected result if the event takes place. This option may occur many times daily or it may be expected to occur in the timeframe under consideration. 	Control commonly fails (more than 75% of the time)
Likely	<ul style="list-style-type: none"> Would not be unusual. May occur approximately once per day or once per week. 	Control failure not unexpected (more than 40% of the time)
Possible	<ul style="list-style-type: none"> Unusual but possible or a 10% chance of happening. This may occur on an occasional basis, i.e. once per month or once per annum. 	Control could possibly fail (20% - 50% of the time)
Unlikely	<ul style="list-style-type: none"> Remotely possible; may occur within a 10 year period or a 5% chance of happening. This event occurs rarely, but has been known to occur 	Control failure unexpected (or less than 20% of the time)
Rare	<ul style="list-style-type: none"> Has never happened after many years of exposure, but is conceivably possible. May occur within a 20 year period or less than 1% chance of happening 	Control not known to fail.

4.3 Risk Rating

The overall risk rating is determined using Matrix 3.

Matrix 3 – Risk Rating

Likelihood	Consequence				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Severe
5 Almost Certain	M5	H10	H15	VH20	VH25
4 Likely	M4	M8	H12	H16	VH20
3 Possible	L3	M6	H9	H12	H15
2 Unlikely	L2	L4	M6	M8	H10
1 Rare	L1	L2	M3	M4	H5

4.4 Risk Treatment

The following table describes the actions that should take place for the risk depending on its overall risk rating.

Matrix 4 – Risk Treatment

VH	Very High Risk Principal/Board attention needed, action plans and management responsibility specified. Risk escalated to the Board as required.
H	High Risk Principal/Board attention needed, action plans and management responsibility specified. Risk escalated to the Board as required.
M	Medium Risk Manage by specific monitoring or response procedures, with management responsibility specified.
L	Low Risk Manage by routine procedures, unlikely to need specific application of resources.

Risks identified as inherently 'Low' or 'Medium' are considered acceptable. However these risks will be managed and monitored regularly to ensure they remain acceptable to the changing environment and to CQCC. Inherent risks identified as "High", or 'Very High' are considered as material risks and therefore are managed more stringently. Where appropriate, a treatment plan will be designed to improve the residual risk status of these risks.

4.5 Risk Treatment Options

In preparing the Risk Treatment Action Plan, the following treatment options will be considered:

1. Avoid the Risk
 - Do not proceed with the activity likely to generate the risk
2. Reduce the Likelihood of the occurrence
 - Documented policies and procedures;
 - Structured training and induction programmes;
 - Effective supervision processes;
 - Effective monitoring, review, audit and compliance procedures
3. Reduce the consequences of the occurrence
 - Appropriate qualifications;
 - Documented emergency/incident management procedures
4. Transfer the risk
 - Outsource the activity to a third party;
 - Seek legal or other external advice;
 - Insurance
5. Retain the risk following cost/benefit analysis

5. Risk Reporting Protocol

Risk reporting allows CQCC to manage and monitor key risks at all levels of the organisation. It represents how risk management is communicated and helps ensure that the appropriate people receive timely risk information to make informed decisions and take appropriate risk management actions.

Overview

	Strategic Risks	Operational Risks	Responsible to
School Board	<ul style="list-style-type: none"> - Ensure that the strategic risk profile is reviewed annually - Establish, implement and monitor the business plan and strategic objectives - Oversight of all strategic risks - Review and approve risk information from FPR Committee 	<ul style="list-style-type: none"> - Oversight of all operational risks through the Principal and Executive Management Team 	
FPR Committee	<ul style="list-style-type: none"> - Oversight of all strategic risks - implementation, monitoring, review and approval - Review annually and monitor adherence to the Risk Management policy 	<ul style="list-style-type: none"> - Oversight of all operational risks through the Principal and Executive Management Team 	<ul style="list-style-type: none"> - Report to School Board 6monthly on all operational and strategic risks with a high or very high risk rating
Principal	<ul style="list-style-type: none"> - Action plans and management responsibility allocated for all high and very high risk areas 	<ul style="list-style-type: none"> - Ensure all risk owners, staff, students and volunteers and trained on, adhere to, the Risk Management Framework 	<ul style="list-style-type: none"> - Report to FPR Committee on changes to strategic and operational risk areas biennially, and on any new, changed or re-rated risk as needed
Executive Management Team	<ul style="list-style-type: none"> - Action plans and management responsibility allocated for all high and very high risk areas 	<ul style="list-style-type: none"> - Responsible for identification, monitoring and reporting of all operational risks 	<ul style="list-style-type: none"> - Report to FPR Committee via Principal on changes to strategic and operational risk areas biennially, and on any new, changed or re-rated risk as needed
Risk Owners	<ul style="list-style-type: none"> - Responsible for identification, monitoring, review and 	<ul style="list-style-type: none"> - Responsible for identification, monitoring, review and 	<ul style="list-style-type: none"> - Report to Executive Management Team biennially;

	reporting on specific strategic risk area	reporting on specific risk area	Report on any new, changed or re-rated risk as needed
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5.1 Strategic Risk Assessment and Reporting

Risk registers are maintained by the school to identify, rate and monitor risk. A strategic risk register sets out identified strategic risks within the whole of school context. These risks underpin organisational strategy and are reviewed by the FPR Committee reporting through to the Board on a 6 monthly basis.

The Board is active in monitoring the effectiveness of the controls to ensure that the residual risk remains within prudent limits Appendix A outlines the standard reporting for strategic risk.

5.2 Operational Risk Assessment and Reporting

The Executive Management Team, as risk owners, is responsible for identification, monitoring and reporting on operational risks. Each business area will identify, document, monitor and report on operational risks. Appendix B is the template register for operational risks.

5.3 Operational Risk Documentation

Each Risk Owner conducts a risk management review which is documented on its:

- Risk Register; and
- Risk Treatment Action Plan.

The Risk Register provides information on the identified risks, including material risks, of the school. The Risk Owner for each risk area is responsible for development of a Risk Register and Risk Treatment Action Plan which follows the risk identification and evaluation methods set out in this Framework. The Principal will maintain the risk management documentation on behalf of the FPR Committee which oversees the management of operational risks at CQCC. The FPR Committee is active in monitoring the effectiveness of the controls to ensure that the residual risk remains within prudent limits.

5.4 Operational Risk Monitoring and Review

The Principal and the Executive Management Team shall report, on their respective delegated areas of responsibility, to the FPR Committee on a 6 monthly basis, but additionally at any other time when there is a significant change in the school's risk exposure. The reports will provide details on:

- The status of risks and risk treatments with an inherent risk rating of high or extreme in the risk register; and
- Any additional action required.

High risks will be monitored by the Principal. Very high risks will be managed by the Principal on an ongoing basis and will be monitored closely by the Board through the FPR Committee. Where any risk is rated "high" or "very high" a comprehensive risk treatment plan is to be in place. Any worsening of the risk is to be immediately reported to the Board through the Chair.

Appendices

- Appendix A – Reporting Strategic Risk;
- Appendix B – Risk Register and Risk Update

APPENDIX B: Risk Register

Risk No.	Risk Category	Risk	Consequences	Probability	Inherent Risk Rating	Existing Treatments/Controls	Effectiveness of Treatments/Controls	Residual Risk Rating	ALARP?	Improvement Plan	Responsible Person	By When
1												
2												

Risk Update

- <<Provide a short description of any significant control breakdowns that have been detected, and whether or not these led to an incident. Where accidents or losses have occurred, provide a summary of the incident and the key outcomes from the investigation>>
- <<Describe any changes that may affect CQCC's risk profile either now or in the foreseeable future. This may include information on competitors' actions, changes that have affected other schools, and even speculative comments on the possible impact of upcoming changes e.g. changes to legislation, government policy etc.>>
- <<Provide updates on significant changes to CQCC's risk management activities and any other relevant events e.g. status report on on-going projects, progress reports on the implementation of changes following incident investigations etc.>>

Summary of new, re-rated or closed risks

- <<Provide a summary of all new, re-rated or closed operational risks with a rating of very high since the last Board meeting, using the table below>>

Risk No.	Risk Category	Risk Description	Previous Risk Rating (if re-rated)	New Risk Rating	Comments

Detailed Risk Description

- <<For all new or re-rated very high strategic risks, management must provide a report using the template in Appendix A>>